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C O N F I D E N T I A L BEIRUT 001149

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SUBJECT: UPBEAT HARIRI SAYS CABINET NEGOTIATIONS REACH  
DECISIVE STAGE

REF: BEIRUT 1088

Classified By: Ambassador Michele J. Sison for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On October 16, Prime Minister-designate Saad Hariri was optimistic that the week ahead would be "decisive" for cabinet formation. Discussions over the telecommunications portfolio with Christian opposition figure Michel Aoun continued, however, and Hariri suggested that he might take the ministry himself. Parliament -- which is constitutionally mandated to open October 20 -- will not undertake routine business until the cabinet is formed, Hariri said. Turning to next steps as prime minister, Hariri reiterated his plans to bolster the army and improve the economy. Regarding the October 12 Tayr Falsayh incident, Hariri said he had expressed his concerns to Hizballah and Parliament Speaker Nabih Berri, emphasizing that the event "jeopardized" UNSCR 1701. End summary.

TELECOMS SQUABBLE DRAGS ON  
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¶2. (C) Discussions with Aoun on cabinet formation had been good, Hariri told the Ambassador and DCM on October 16. Hariri said, though, that Free Patriotic Movement (FPM) leader Aoun "went off track" with his public statements by reiterating his demand for the telecoms ministry. Aoun was afraid that if he gave up the ministry, Hariri reported, it would go to Aoun's Christian rival President Michel Sleiman, whom Aoun believes shouldn't control more than two significant ministries. Hariri also opposed giving the ministry to the president and claimed he would give it either to one of his Future Movement ministers or take the portfolio himself, as his father had done in the 1990s.

OPTIMISTIC ON CABINET...  
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¶3. (C) Hariri assessed that, despite the continuing negotiations with Aoun, the following week would be "decisive" in cabinet formation, since Syria seemed to be pushing the opposition to cooperate. Of the nine portfolios he planned to assign to the opposition, Hariri was confident that eight (all except telecoms) were already settled. Hariri said he intended to give the FPM the education ministry to compensate it for the telecoms ministry. Although he judged that caretaker Public Works Minister Ghazi Aridi had been effective as a minister, he hesitated to retain him because Aridi had also "helped" Hizballah.

¶4. (C) The PM-designate pointed out that even though the

opposition held all of the important service ministries in the previous cabinet, they had lost the elections. Thus, quality ministers were more important than their specific portfolio or party allegiance, Hariri assessed. Although Hariri claimed to support the return of caretaker Justice Minister Ibrahim Najjar to his post, he believed the Lebanese Forces were unlikely to select him again. Certain March 14 allies were being "narrow-minded" in their selection of ministers by insisting on party loyalty over qualifications, advisor Nader Hariri interjected.

#### ...BUT PARLIAMENT GOING NOWHERE

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15. (C) Hariri confirmed press reports from earlier in the day that there will be no vote on parliamentary committees when parliament opens October 20. Parliamentarians separately reported to us that parliamentary blocs will elect only the parliament's governing bureau (Marwan Hamadeh, Ahmad Fatfat, Antoine Zahra, and Michel Musa) and the constitutionally mandated two secretaries on that day. Progressive Socialist Party (PSP) MP Akram Shuhayyeb told us that Berri, supported by Aoun, had urged holding committee elections, but PSP leader Walid Jumblatt, backed by Hariri and caretaker PM Fouad Siniora, convinced him to delay. Hariri noted that Berri would "not be a problem" since Hariri's allies had a unified position.

#### NEXT STEPS AS PRIME MINISTER

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16. (C) Hariri said that, once prime minister, he would focus on building the Lebanese Armed Forces (LAF) as a counterbalance to Hizballah. He admitted advising caretaker Defense Minister Elias Murr to "lay low" for the time being because "there are people" who oppose him. Nevertheless, Murr will remain defense minister in the next cabinet, Hariri stated, and the two will focus on strengthening the LAF once the cabinet is formed. With regard to law enforcement assistance, Hariri also suggested a "sister city" cooperation program between a Beirut municipal police force and the Los Angeles police department.

17. (C) Central Bank Governor Riad Salameh has "good plans" to reduce public debt, and Hariri said he will move forward to implement them after cabinet formation. Salameh and Hariri expect that Arab states, even during this economic downturn, will increase their financial commitments to Lebanon after Hariri takes office. Saudi Arabia, Kuwait, Qatar, and the UAE have already parked two billion dollars in the central bank at low interest rates to stabilize the Lebanese pound, Hariri said. He reported that Salameh has plans to issue low-interest bonds from these deposits to pay down existing, higher-interest debt, and Hariri expects to see progress from these efforts within six to eight months. He also expects Arab assistance to the LAF and ISF to increase. Hariri reiterated his support for privatization of Lebanon's telecoms network, a project which should be separate from politics, he said he had stressed to Aoun.

#### CONSPIRACY THEORIES ABOUT TAYR FALSAYH

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18. (C) Hariri said he had talked to Speaker Berri and Hizballah about Tayr Falsayh, stressing that the October 12 incident jeopardized UN Security Council Resolution 1701. Hizballah interlocutors had at first denied involvement in the incident but, in a second meeting with Hariri, described the situation as "complicated," he said. Berri had suggested to Hariri that the Israeli Mossad may have penetrated Hizballah to draw attention to weapons in the south. Hariri pointed out that incidents allegedly involving Hizballah's weapons -- such as Tayr Falsayh and Khirbet Selim -- were "not normal" for Hizballah, so the group was conducting its own investigation.

19. (C) Hariri and Berri had mulled over "talk" that five

people had been killed in the Tayr Falsayh event, Hariri said, and Berri had pointed out that if the deceased had been from southern Lebanon, their absence would have been quickly noted. Berri and Hariri had therefore surmised that any deceased were not Lebanese. Hariri also declared that even if Iranian and Syrian delivery of weapons to Lebanon was a serious violation of 1701, the repeated violations of Lebanese airspace by Israeli aircraft and drones were a 1701 violation as well.

COMMENT

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¶10. (C) The Prime Minister designate was optimistic and forward-looking during this encounter. Hariri's optimism was also on display during his October 17 visit to the presidential palace to brief Sleiman before the president's departure for a three-day visit to Spain. Although no significant progress in cabinet formation is possible until Sleiman's return on October 21, Hariri's new-found eagerness to discuss his plans as prime minister reflects his belief that a resolution will be found soon.

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